

Message Text

CONFIDENTIAL

PAGE 01 JAKART 03382 211159 Z

45

ACTION EA-14

INFO OCT-01 ADP-00 AGR-20 EB-11 COME-00 TRSE-00 SPM-01

CIAE-00 DODE-00 INR-09 NSAE-00 PA-03 RSC-01 USIA-12

PRS-01 CIEP-02 OMB-01 SS-14 L-03 H-02 NSC-10 AID-20

IGA-02 STR-08 RSR-01 /136 W
----- 109615

R 210801 Z MAR 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6093

INFO AMCONSUL MEDAN

C O N F I D E N T I A L JAKARTA 3382

E. O.: 11652: GDS

TAGS: EAGR, ID

SUBJECT: EAST JAVA RICE REPORT 5

FOLTEL SENT ACTION JAKARTA MARCH 21 ST RPTD FOR YOUR ACTION/
INFO

QUOTE

C O N F I D E N T I A L SURABAYA 113

REF: SURABAYA 021

BEGIN CONFIDENTIAL

SUMMARY: RICE PRICES HAVE FLUCTUATED SOMEWHAT SINCE REFTEL BUT
THERE IS CLEAR DOWNWARD TREND WHICH EXPECTED TO CONTINUE AS NEW
HARVEST COMES IN. UNLOADING OF BULK CORN FROM US PROCEEDING
SLOWLY BECAUSE OF SERIES OF PROBLEMS INCLUDING THEFT OF SPARE
PARTS FOR GOI OWNED UNLOADING MACHINERY. PROVINCIAL GOVERNMENT
TRYING TO AVOID REPEAT OF FOOD CRISIS BY TURNING OVER CROP PRO-
CUREMENT AND FERTILIZER SALES TO VILLAGE COOPERATIVES BYPASSING
TRADITIONAL MIDDLEMAN. DOUBTFUL THIS CAN WORK BECAUSE OF LACK OF
NEEDED MANAGERIAL TALENT AND EXPECTED EVASION BY MIDDLE- MEN AND
PERHAPS GOVERNMENT OFFICIALS. END CONFIDENTIAL.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKARTA 03382 211159 Z

BEGIN UNCLASSIFIED.

1. RICE PRICES IN EAST JAVA APPEAR TO BE ON DOWNWARD TREND AS SPRING HARVEST BEGINNING TO TRICKLE IN. DESPITE SHORT- LIVED RISES IN MID-FEBRUARY AND EARLY MARCH THERE HAS BEEN OVER- ALL DROP FROM RP. 97.5 AND RP. 95 PER KILO FOR BETTER GRADES ON JANUARY 12 TO RP. 85 AND RP. 82.5 ON MARCH 15. EXPECTATION IS FOR CONTINUED DECLINE AS HARVEST INCREASINGLY COMES IN. CORN AND WHEAT PRICES ALSO REPORTEDLY DROPPING. END UNCLASSIFIED.

BEGIN LIMITED OFFICIAL USE. BULK CORN SHIPMENTS FROM US BEGAN TO ARRIVE FEBRUARY 20 AND STILL IN PROGRESS. HAVE BEEN SERIES OF PROBLEMS OVER EQUIPMENT, PROCEDURES, CHARGES AND STORAGE AND WHAT TO DO WITH CARGO WHICH ARRIVED JUST AS LOCAL CORN CROP BEING HARVESTED. HAS BEEN SOME TALK AMONG OFFICIALS OF EXPORT OF CORN. ACCORDING TO MASTER OF US SHIP MAIN PROBLEM AT PRESENT IS SLOW UNLOADING OF CARGO BECAUSE OF FREQUENT BREAKDOWNS OF BULOG'S NEW VACUATOR PNEUMATIC SUCKERS. PROBLEM ALLEGEDLY COMPLICATED BY LOSS TO PILFERERS OF US \$24,000 WORTH OF SPARE PARTS. END LIMITED OFFICIAL USE.

2. BEGIN UNCLASSIFIED. WITH FOOD CRISIS OVER FOR THIS SEASON PROVINCIAL GOVERNMENT FOCUSING ATTENTION ON MEASURES TO PREVENT RECURRENT NEXT FALL. IN SERIES OF MEETINGS AND SPEECHES GOVERNOR NOER HAS WARNED OF POSSIBILITY OF ANOTHER EXTENDED DRY SEASON AND NEED TO PREPARE FOR IT. HE DIAGNOSES 1972/73 CRISIS AS RESULT OF MANIPULATIONS

BY CHINESE MIDDLEMEN AND BULOG'S FAILURE TO FOLLOW RATIONAL PROCUREMENT

POLICIES. HIS SOLUTION IS TO INCREASE GREATLY NUMBER AND RESPONSIBILITIES OF RURAL COOPERATIVES (BUUD). NUMBER OF BUUD'S IN BEING SAID TO BE 500 IN EARLY MARCH AND GOVERNOR EXPECTS INCREASE TO 600 BY APRIL. EACH BUUD REPRESENTS 2,000 TO 3,000 FAMILIES. PLAN IS TO MAKE BUUD'S SOLE DISTRIBUTOR AND RETAILER OF FERTILIZER TO VILLAGES AND SOLE DIRECT PURCHASER OF CROPS FROM FARMERS. GOVERNOR EXPECTS IN THIS WAY TO MAKE AVAILABLE 300,000 TONS OF RICE TO BULOG (AGAINST BULOG'S QUOTA OF 225,000 TONS FOR EAST JAVA). BUUD'S ALSO WILL EXTEND CREDIT FACILITIES TO FARMERS. END UNCLASSIFIED.

3. BEGIN CONFIDENTIAL. USAID VISITORS HAVE POINTED OUT THAT GOVERNOR'S PLAN IMPRACTICAL IN VIEW LIMITED ADMINISTRATIVE TALENT AVAILABLE TO CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKARTA 03382 211159 Z

RURAL COOPERATIVES. IT REMAINS TO BE SEEN HOW FLEXIBLE GOVERNOR WILL BE IN IMPLEMENTING HIS PLANS AND HOW ADROIT CHINESE MERCHANTS AND PERHAPL BULOG OFFICIALS WILL BE IN SABOTAGING THEM. GOVERNOR SEEMS AWARE OF PROBLEMS. HE HAS EMPHASIZED IMPORTANCE OF GOOD MANAGEMENT, WARNED AGAINST MACHINATIONS OF TJUKONGS AND ESTIMATED THAT IT WILL TAKE THREE YEARS FOR NEW BUUD SYSTEM TO "STABILIZE". END CONFIDENTIAL.

4. BEGIN UNCLASSIFIED. ANOTHER PLAN BY GOVERNOR TO AVOID FOOD SHORTAGE IN RURAL AREAS IS BUILDING OF COMMUNAL BARNS IN VILLAGES FOR FOOD STORAGE. PROVINCIAL GOVERNMENT ANNOUNCED MARCH 15, THAT IT HAD RECEIVED RP. 100 MILLION FROM PRESIDENT FOR THIS PURPOSE. RANDOLPH UNQUOTE GALBRAITH

CONFIDENTIAL

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973JAKART03382
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: n/a
Film Number: n/a
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730335/aaaaiecy.tel
Line Count: 143
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 21 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Nov-2001 by martinml>; APPROVED <17-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971219
Subject: EAST JAVA RICE REPORT 5
TAGS: EAGR, ID
To: EA
MEDAN INFO STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005